



**Request for City Council Committee Action  
From the Finance & Property Services Department**

Date: March 5, 2013  
To: Ways and Means/Budget Committee  
Referral to: None

**Subject: 2014 – 2018 Capital Budget Process Information**

**Recommendations**

1. Receive and file the attached 2013 CLIC Schedule and 2013 CLIC Capital Guidelines with capital budget submissions due on April 1, 2013.
2. Request concurrence of tax supported resource direction to CLIC, city departments, independent boards & commissions as indicated below.

**Previous Directives**

None

Prepared/Submitted by Michael Abeln, Director, Capital & Debt Management, 673-3496

Approved by: Kevin Carpenter, Chief Financial Officer \_\_\_\_\_

Paul Aasen, City Coordinator \_\_\_\_\_

Presenters in Committee: Michael Abeln, Director, Capital & Debt Management

**Financial Impact** (Check those that apply)

- ☒ No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☒ Other financial impact (Explain): Capital Budget schedule and funding direction
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

## **Background/Supporting Information Attached**

The attached 2013 CLIC Schedule for the 2014 - 2018 Capital budget process has been developed and agreed to by the Chair and Vice Chair of the Capital Long-Range Improvement Committee (CLIC).

The capital process will be administered by Michael Abeln, Director of Capital and Debt Management/Executive Secretary of CLIC from the Finance & Property Services Department and his assistant Jeffrey Metzen.

### **2013 CLIC Schedule Highlights:**

CLIC will convene their first meeting on Tuesday April 2nd. Capital budget requests from submitting agencies will be due April 1st. A joint public hearing between CLIC and the Planning Commission will be held on May 9th at 5:05 p.m. The main body of CLIC will finalize their capital recommendations on or around July 2nd. The CLIC Report will be completed on or before July 12th. The Executive Committee of CLIC is planning to present their recommendations to the Mayor on July 19th.

### **2013 CLIC Capital Guidelines and CLIC Appointments:**

The 2013 CLIC Capital Guidelines which are used as a basis for rating capital budget requests are attached for your information. The rating categories are consistent with the last several CLIC cycles. As part of this Ways and Means cycle, there is also a CLIC Appointment letter included which if approved will provide for a total of 29 of 33 CLIC appointments filled. There will be one remaining vacancy in Ward 5 and three Mayoral appointments remaining to be filled.

### **2014 - 2018 Capital Process:**

As a general rule, projects in the previously adopted five-year plan should remain within the years funding has been approved. Projects requested but not approved in the currently adopted five-year capital improvement program may be submitted as a 2018 project along with any new projects. If a submitting agency needs to move funding on a previously approved project within different years of the program, they should ensure that pro forma implications, net debt bonds and other funding sources are available and remain balanced within the revised timeframes. Capital Budget Requests should request funding according to when anticipated expenditures will be incurred and how those expenditures will be funded by revenue sources such as bonds, grants, enterprise revenue or any other funding source.

**For all submitting agencies, capital budget requests with net debt bonds for 2014 – 2017 should be consistent with currently adopted resource levels for your agency. Below are general guidelines for agency submittals for 2018 totaling \$40,000,000 even though the net debt bond resource levels are being set at \$29,000,000. The higher request levels for 2018 are designed to give CLIC, the Mayor and City Council more options to consider for 2018 projects.**

**Municipal Building Commission**

For 2018, MBC may submit net debt bond proposals totaling \$1,000,000.

**Park and Recreation Board**

For 2018, the Park and Recreation Board may submit net debt proposals totaling \$3,000,000.

**Public Works Department**

For 2018, Public Works may submit net debt bond proposals totaling \$25,000,000.

**Municipal State Aid (MSA) Funding:**

Public Works is directed to align the 2014-2018 MSA program requests with anticipated MSA funding levels.

**IT Department**

For 2018, the IT Department may submit net debt bond proposals totaling \$2,000,000. If IT customer departments have included costs for capital technology improvements in their business plans, IT may submit proposals for these items in cooperation with the departments but must include details of the funding arrangement. The IT Department is requested to continue the practice of prioritizing technology spending by year by involving city department heads. It should be noted that the Finance and Property Services Department is in the process of considering different approaches to funding capital assets used by internal service fund departments and other capital assets that are neither infrastructure related and/or are deemed to require a different level of consideration than typical operating department budgets. More detail will be forthcoming as the 2014 budget process is further defined in the next few months.

**Public Grounds & Facilities**

This will be a new segregated category that is being split out of the Miscellaneous Projects grouping and will be used to describe all building improvements and new facilities as well as efficient space utilization, energy efficiency and projects that improve sustainability in how the City uses land and building infrastructure. This category is managed by the Finance and Property Services Department. All new facility related proposals or major space renovation projects must be submitted in 2018 and should be coordinated through the Finance & Property Services Department. For 2018, this new infrastructure category may submit proposals totaling \$8,000,000.

**Miscellaneous City Departments**

The miscellaneous department category as revised above will include Public Art, Convention Center and any other unusual capital budget requests which do not fit under the primary infrastructure areas.

## CAPITAL LONG-RANGE IMPROVEMENT COMMITTEE (CLIC):

The City Council requests that CLIC:

- 1) Rate all capital proposals submitted for years 2014 – 2018.
- 2) Plan for 2014 – 2018 Net Debt Bond (NDB) resources as detailed below:

For NDB Supported General Infrastructure Improvements  
As approved by City Council for 2014 - 2017 and proposed for 2018

Recommended NDB Resources	2014	2015	2016	2017	2018	Totals
					(In thousands)	
2013 Adopted NDB Authorizations	29,600	29,155	25,000	25,000		108,755
2013 NDB Recommendation for 2018*					29,000	29,000
2014 - 2018 NDB Resource Assumptions for CLIC	29,600	29,155	25,000	25,000	29,000	137,755

### Notes:

As part of the 2012 - 2016 Adopted Budget, there was a significant increase in net debt bonds authorized which provided for \$150 million during the five-year plan for those years. For 2013, the Adopted budget is \$40.245 million for net debt bonds. The bond redemption levy has been increased to allow for an increased commitment to capital infrastructure projects on an ongoing basis. For 2018 and beyond, the City is planning for increases in net debt bond programming based on current long-term funding plans.

This resource summary represents the City's commitment for General Infrastructure assets including public buildings, roads, bridges, bike trails, sidewalks, street lights, traffic signals, parks & technology.